corporation wholly owned or controlled by the United States) which conducted operations in the Canal Zone.

§253.3 Establishment of Panama Canal Employment System; scope and requirements.

- (a) There is hereby established a Panama Canal Employment System. The employment system is a system of:
- (1) Selection for appointment, reappointment, reinstatement, reemployment and retention with respect to positions, employees, and individuals under consideration for appointment; and
- (2) Regulations concerning other matters related to employment in an agency, as prescribed in this chapter.
- (b) The Panama Canal Employment System shall:
- (1) Be based on the consideration of the merit of each employee or candidate for employment and the qualifications and fitness of the employee or candidate to hold the position concerned:
- (2) Be subject to the provisions of the Panama Canal Treaty of 1977 and related agreements and any other applicable provision of law;
- (3) Apply uniformly within and among all agencies, positions, employees and individuals concerned;
- (4) Conform, to the extent practicable and consistent with the provisions of law, to the policies, principles, and standards applicable to the competitive service:
- (5) In the case of employees who are citizens of the United States, provide for the appropriate interchange of those employees between positions under this system and positions in the competitive service; and
- (6) In the case of non-Panamanian employees hired on or after October 1, 1979, include a policy for their periodic rotation in accordance with the Panama Canal Treaty or the Agreement in Implementation of Article IV thereof.
- (c) The Panama Canal Commission and, to the extent of any election pursuant to law and paragraph (d) of this section, any other agency shall conduct their employment practices in accordance with this system and the regulations in this part and in part 251 of this chapter.

(d) The head of any Executive Agency and the Smithsonian Institution may elect to have the Panama Canal Employment System made applicable in whole or in part to personnel of that agency in the Republic of Panama.

(e) Provisions for interchange between this system and the competitive service which involve movement from this system to the competitive service shall be subject to the concurrence of the Office of Personnel Management.

§253.4 Coverage and exclusions.

- (a) Applicability. Except as otherwise provided by an agency head in adopting this employment system for application to an agency, the regulations in this part apply to all applicants for employment and employees, irrespective of citizenship, and to all positions except the employees and positions excluded pursuant to §253.8.
- (b) *Exclusions*. The Assistant Secretary of Army may exclude employees or positions from any or all provisions of this part and may revoke such exclusions

§253.5 Central Examining Office.

- (a) There is established the Central Examining Office.
- (b) The purpose of the Central Examining Office is to assist in implementing the Panama Canal Treaty and related agreements with respect to recruitment, examination, determination of qualification standards, and similar matters.
- (c) Authority of the Central Examining Office. The CEO may, subject to policy direction of the PAPB:
- (1) Develop examination rating guides.
- (2) Conduct, or arrange for, such recruitment and examining programs as may be required to insure an adequate supply of qualified eligibles.
- (d) The Central Examining Office shall serve all agencies equally, and shall not give preference to any agen-

§ 253.6 Review by the Office of Personnel Management.

The Office of Personnel Management shall make periodic reviews of the operations of the Panama Canal Employment System for conformity with the